Ralton Australian Equity Ex 50

Monthly Portfolio Report | May 2024

Key facts

Income versus growth target

Income Growth

Market cap bias

Large Small

Investment strategy

A portfolio of ASX-listed equities designed to provide high capital growth

Investment objective

Outperform index by over 4% p.a.

Benchmark index

S&P/ASX Small Ordinaries Accumulation

Portfolio Manager

Will Riggall

Inception date

February 2008

Management fee

0.75% p.a. (may vary across platforms)

Number of stocks

20-35

External ratings

Zenith “Approved”

Key platforms

HUB24, NetWealth, Praemium, OneVue, Powerwrap, Linear, Xplore, Wealth02

Performance (%, returns greater than one year are p.a.)[1]

At month end	1 mth	3 mth	1 yr	2 yr	3 yr	5 yr	10 yr	Inception
Ralton	**-1.77%**	**-3.91%**	**2.99%**	**0.47%**	**-0.09%**	**1.48%**	**5.20%**	**5.76%**
Income	*0.00%*	*0.91%*	*2.71%*	*2.71%*	*2.64%*	*2.54%*	*2.72%*	*3.31%*
Growth	*-1.77%*	*-4.82%*	*0.28%*	*-2.24%*	*-2.74%*	*-1.05%*	*2.49%*	*2.46%*
Index[2]	**-0.05%**	**1.53%**	**10.92%**	**2.24%**	**-0.08%**	**4.18%**	**6.48%**	**2.56%**
Outperformance	**-1.72%**	**-5.44%**	**-7.93%**	**-1.77%**	**-0.01%**	**-2.70%**	**-1.27%**	**3.21%**

[1] Performance is based on a model portfolio and is gross of investment management and administration fees, but net of transaction costs. Total returns assume the reinvestment of all portfolio income.

[2] Index means the S&P/ASX Small Ordinaries Accumulation Index

Portfolio Performance

The Ralton Ex 50 Portfolio underperformed the ASX Small Ordinaries in May, returning -1.77%, versus the index return of -0.05%. A focus on investing in companies with strong competitive advantages and valuation support has held the portfolio in good stead during an extended period of volatility.

Contributors	Comment
PEXA Group Limited (PXA.ASX) 19.3%	PXA performed well for the month with its announcement of furthur execution in the UK with another partnership, NatWest, joining PXA for refinancing transactions. PXA plans on delivering handling of sale and pruchase transactions in first quarter of calendar year 2025. These incremental partnerships and banks joining PXA should see a boost in PXA's revenue.
NRW Holdings Limited (NWH.ASX) 10.0%	NWH was a key contributor in May, benefiting from several major contract awards totaling approximately $240 million. Highlights include civil construction work for Rio Tinto's West Angelas mine, SMP construction for Lynas Rare Earths' Mt Weld expansion, and bulk earthworks for BHP Mitsubishi Alliance's Saraji mine. These contracts underscore the company's extensive capabilities across mining, civil construction, and infrastructure. Our confidence is bolstered by NWH’s strong pipeline and strategic diversification, positioning it well for sustained growth. The market’s positive response reflects NWH's solid execution and expanding opportunities.
Qube Holdings Ltd. (QUB.ASX) 7.8%	QUB delivered an FY24 trading update ahead of market expectations during May, translating to strong outperformance. QUB remains well-positioned for sustainable long-term earnings growth, supported by its strategic assets and additional capacity and efficiency benefits coming through from its multi-year investment into IMEX.

CONTACT Ralton AM 0425 725 800 info@raltonam.com.au raltonam.com.au

Detractors (cont.)	Comment
Smartgroup Corporation Ltd (SIQ.ASX) -14.7%	SIQ saw its share price decline in May, impacted by auto dealer downgrades and poor electric vehicle (EV) sales statistics. Despite this, our outlook remains positive. Management recently expressed that the increased auto supply is beneficial for its novated leasing division, reducing touch points as customers receive their cars quicker. Demand for both EVs and internal combustion engine (ICE) vehicles remains strong, and the corporate segment is thriving due to net zero targets. With improved capacity and ongoing strength in both ICE and EVs, SIQ remains attractively priced in a growing sector.
Nick Scali Limited (NCK.ASX) -10.8%	NCK saw share price pressure during May, primarily due to profit-taking after its significant rally following the Fabb Furniture acquisition announcement. Despite the recent pullback, we remain optimistic about NCK's strategic move into the UK market. The acquisition, completed in early May, opens substantial growth opportunities, with potential for a significant store rollout by FY30. Incrementally positive retail trade numbers for household goods at the end of the month further support our outlook. We believe NCK's long-term growth potential and brand acceptance in the UK will drive future gains, reaffirming our confidence in the company.
Audinate Group Ltd. (AD8.ASX) -16.6%	AD8 was a detractor this month, primarily due to the resignation of CFO, Rob Goss, who has been instrumental in steering the company through significant growth phases. While the market may exhibit caution until a successor is named, our confidence in AD8's long-term strategy remains unshaken. The company's recent technology day showcased impressive advancements in their Dante platform, as well as significant advancements in their software suite, reinforcing our belief in its future growth. Despite short-term challenges, we maintain that AD8 is among the highest quality technology companies on the ASX, with its market leading position in audio networking being replicated in video.

Portfolio Activity

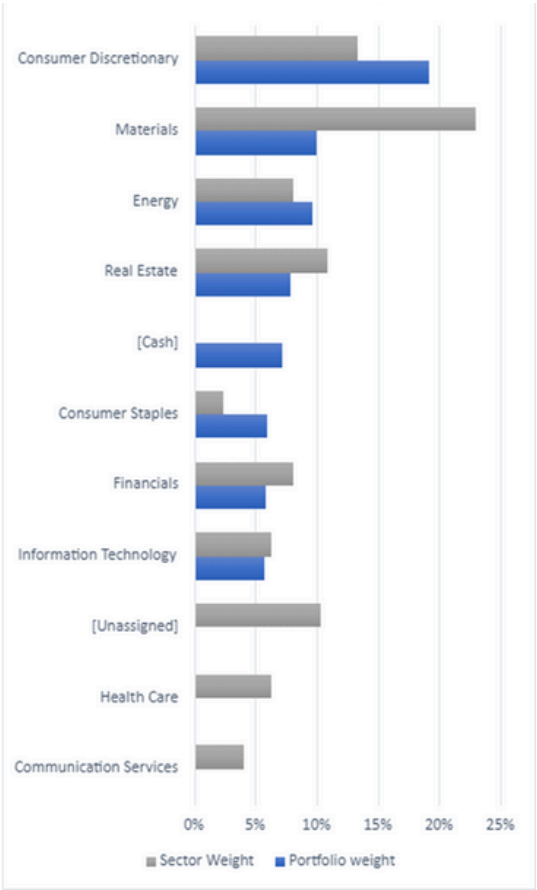
BUY

N/A

SELL

N/A

Sector Positioning



Top 10 holdings (alphabetical)

ARB Corporation Limited	Reliance Worldwide Corp. Ltd.
Hansen Technologies Limited	Ridley Corporation Limited
MMA Offshore Limited	Seven Group Holdings Limited
Nick Scali Limited	Smartgroup Corporation Ltd
PEXA Group Limited	Steadfast Group Limited

Portfolio metrics*

	Ralton	XSOAI^
# of Securities	*36*	*203*
Market Capitalisation	*3,100.9*	*3,653.9*
Active Share	88.3	--
Tracking Error	*6.19*	--
Beta	*0.77*	*1.00*
Est 3-5 Yr EPS Growth	12.3	13.7
ROE	*16.0*	*6.1*
Dividend %	2.65	2.66
P/E using FY2 Est	14.6	14.4
Price/Cash Flow	9.4	9.4

* Source: FactSet

^ XSOAI means the S&P/ASX Small Ordinaries Accumulation Index (Index). The Index is shown for comparative purposes only Index returns do not allow for transaction, management, operational or tax costs. An index is not managed and investors cannot invest directly an in index.

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